

Cheltenham School Tax 2019 Infographic

WWW.Cheltenham.FM

May 11, 2019



About the Cheltenham School Podcast

Cheltenham Township has the highest school tax rate in Montgomery County, Pennsylvania. The Cheltenham School Podcast at www.cheltenham.fm was started in December of 2011 to help find out why.

Monitoring the school board tax and spending plans is an essential home maintenance activity in Cheltenham.¹



¹ WWW.Cheltenham.FM and WWW.Cheltenhamlocal.org are personal websites of township resident Tom Borawski who can be reached at podmaster@cheltenhamlocal.org. (c) 2019 www.cheltenham.fm Creative Commons BY-NC-SA

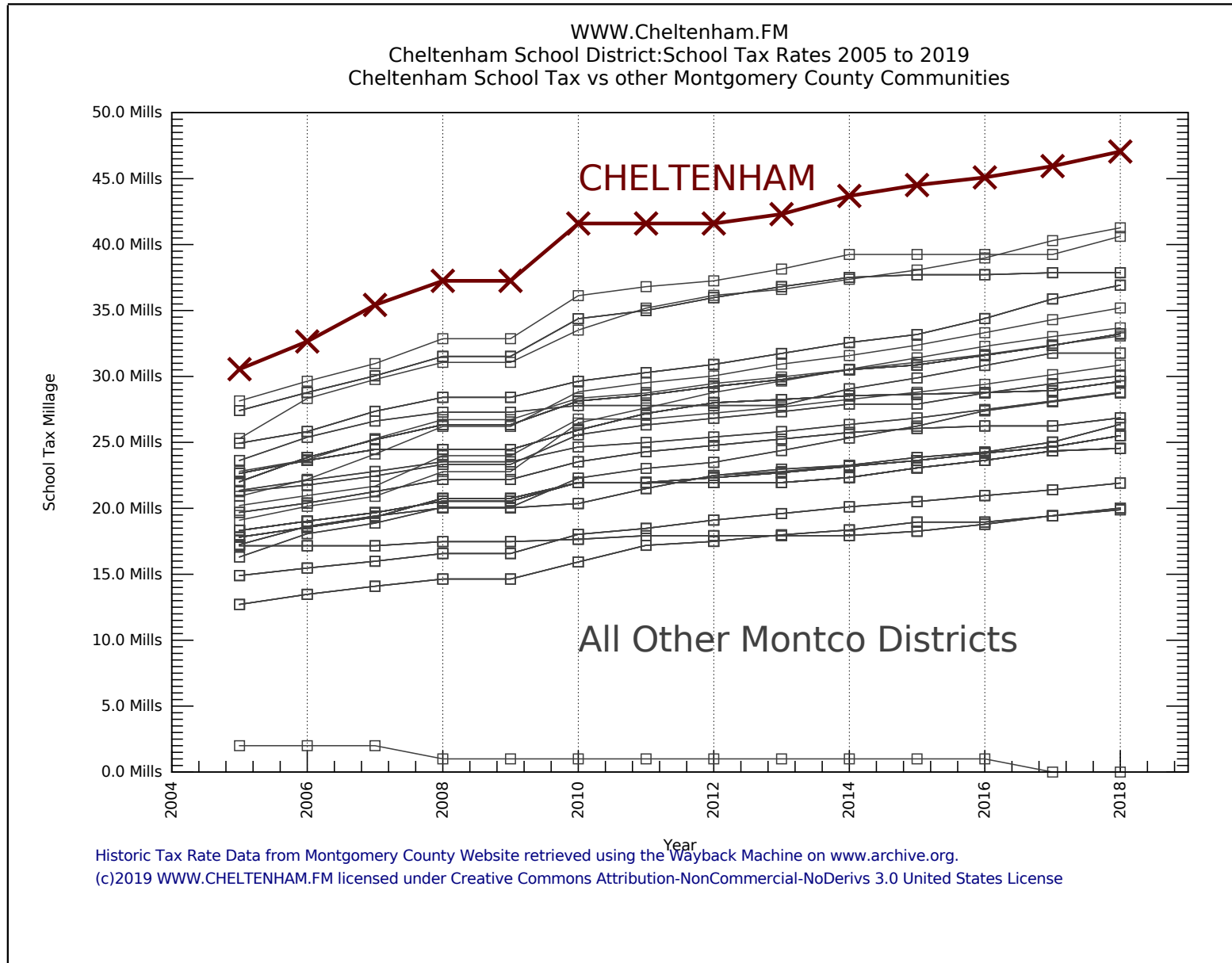
The Highest School Tax Rate in Montgomery County

- The 2018-19 Cheltenham School Tax rate is \$4705.39 per \$100,000 assessed value:² The highest school tax rate in Montgomery county.
- The rates for surrounding communities are:
 - Abington at \$3177.00 per \$100,000 assessed value.
 - Springfield at \$3306.54 per \$100,000 assessed value.
- In nearby Ambler, the school tax is \$2002.00 per \$100,000 assessed value: less than 43% of Cheltenham's Rate.
- Even with the highest tax, the 2018-19 budget was in the red by \$2.46 Million³.
- Cheltenham School Taxes have been the highest in Montgomery County for a long time.

² According to the Montgomery County Website at
<https://www.montcopa.org/622/County-Municipality-Millage-Rates>

³ See <https://bit.ly/2JuMvqm>

Highest Montco School Tax for a Long Time



Act 1 Index

The Act 1 Index is the maximum school tax increase set by the state.

- The Act 1 Index is NOT the same as inflation (CPI-U).⁴
- The Act 1 Index is based on the “employment cost index” (ECI) specific to elementary and secondary schools.⁵

In other words, the Act 1 Index has nothing to do with changes in taxpayer income– it has everything to do with public education escalating costs.

QUESTION: What if the Pennsylvania State Legislature set the Act 1 Index to equal the Social Security Cost of Living Allowance (COLA) ?

⁴See <https://www.bls.gov/cpi/>

⁵See <https://bit.ly/2H7EmW8>

Cheltenham School Tax vs. Social Security COLA

- The Social Security Administration announced⁶ that the Cost of Living Adjustment for 2018 will be 2.8%.
- For the 2018-19 Budget year, the Cheltenham School tax increase was 2.4%⁷

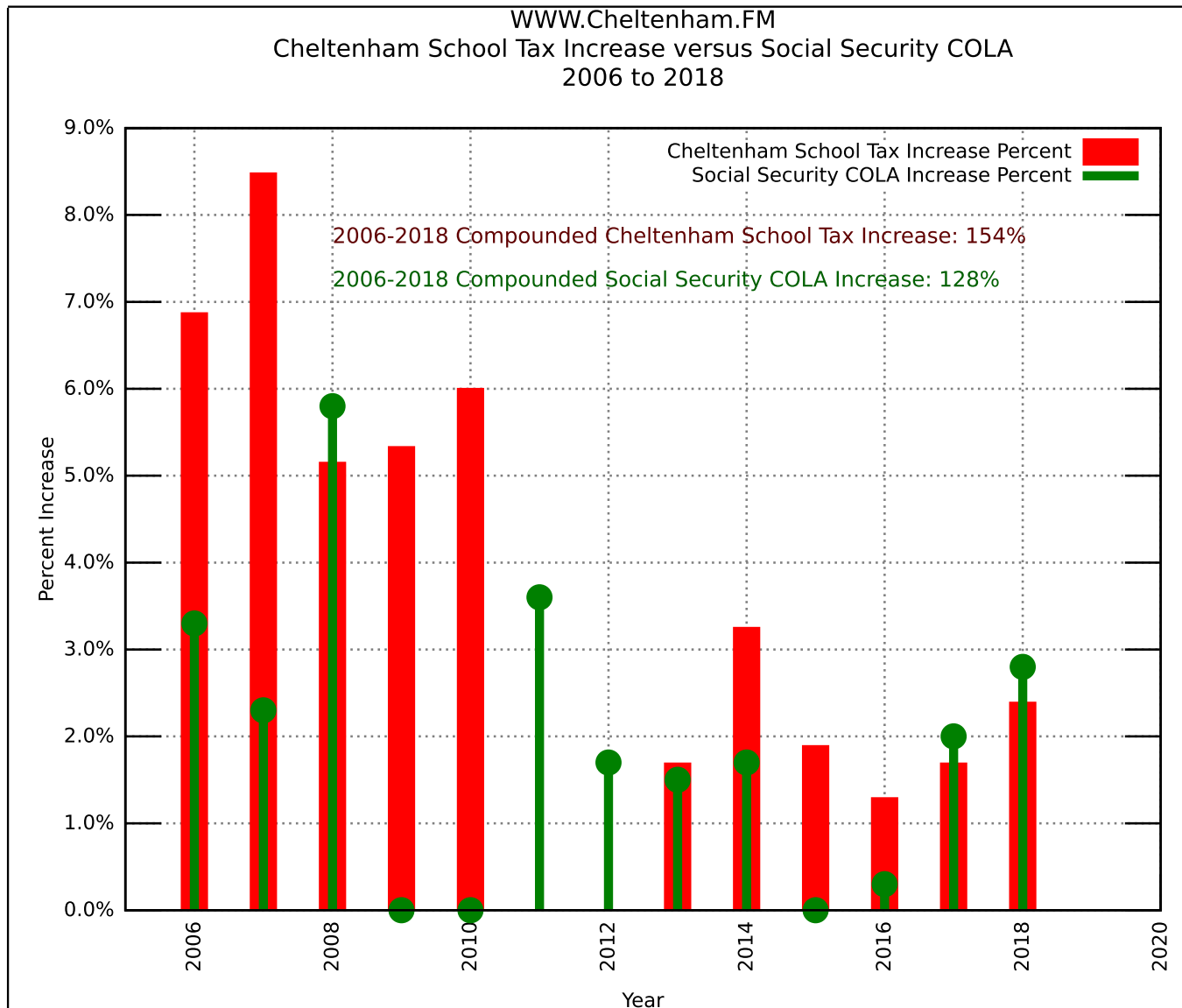
While the 2018 Social Security COLA increase was greater than Cheltenham's School tax increase, over the long term:

- The 2006-2018 Compounded Cheltenham School Tax Increase is 154%
- The 2006-2018 Compounded Social Security COLA Increase is 128%

⁶ See <https://www.ssa.gov/news/press/factsheets/colafacts2019.pdf>

⁷ See <https://bit.ly/2vCJLPw> .

2018-2006 Social Security COLA versus Cheltenham School Tax



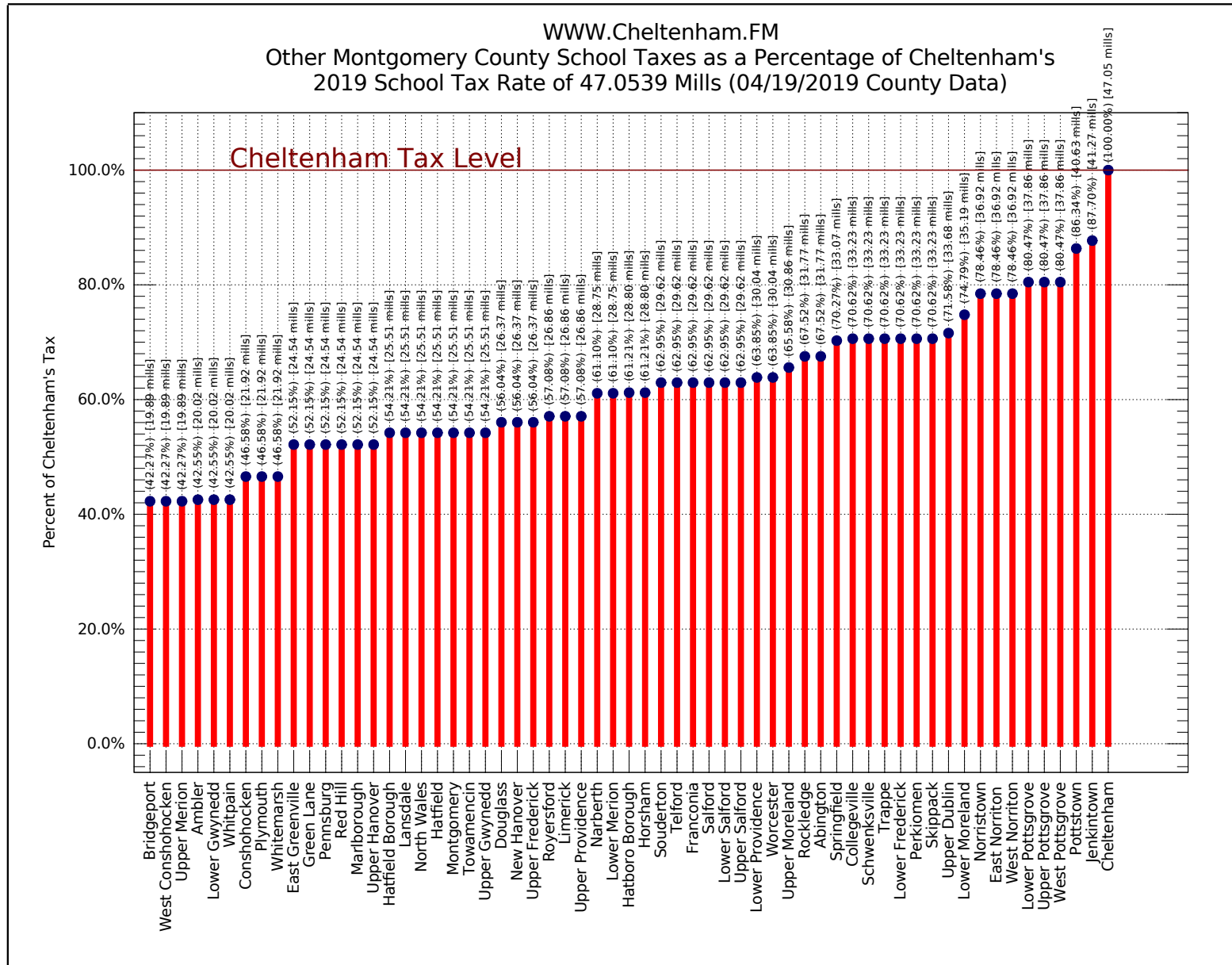
Next Year (2019-20) Scheduled Tax Increase

- For 2019, the School Tax will increase from \$4705.39 to \$4827.73 per \$100,000 assessed value: a 2.6% increase.⁸
- Even with the increase, next year's budget is in the red by \$3.8 Million⁹.
- Other districts are increasing taxes too: is there any chance that they are catching up to Cheltenham ?

⁸See: March 2019 Financials at <https://bit.ly/2Y9kRmP>

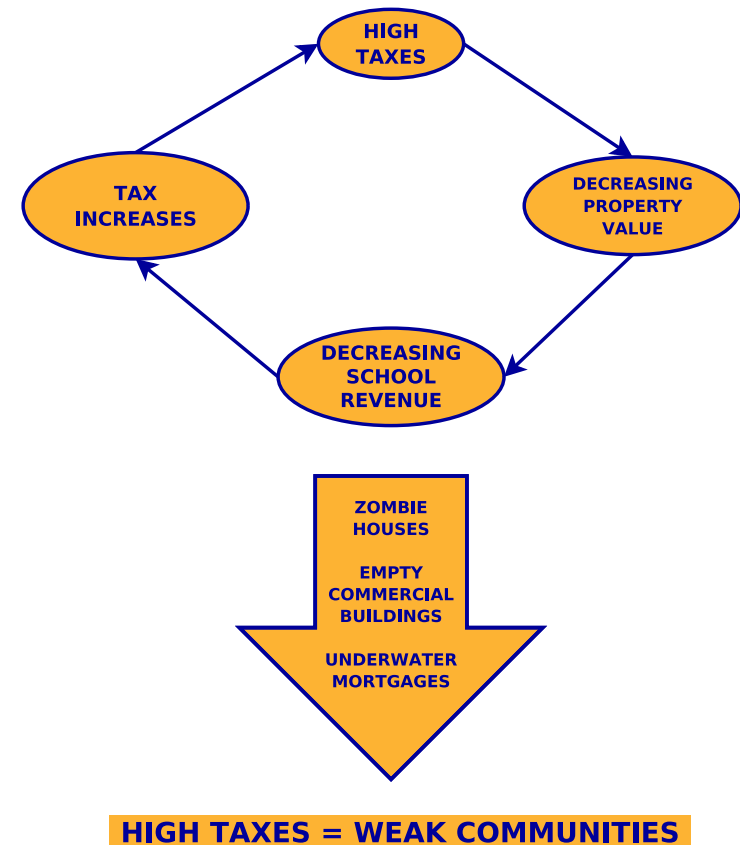
⁹See <https://bit.ly/2JuMvqm>

2019-20: Cheltenham Still the High Tax Leader



The Cheltenham Tax Spiral

- High Taxes make Cheltenham far less competitive than surrounding communities.
- The most successful project in recent years– The Elkins Estate development– relied on a schedule of tax breaks (TIF agreement).
- Homeowners and small businesses don't rate a TIF.



The Pennsylvania School Performance Square Dance

Since 2012 Pennsylvania has changed the way school performance is reported three times:

- Before 2012, Pennsylvania issued an “Academic Achievement Report” which reported if a school “Made AYP” (Adequate Yearly Progress) or not in a single summary grade.
- In 2012 the state shifted to the “School Performance Profile,” which assigned each school a summary numeric grade, roughly in a 0 to 100 Range.
- In 2017 Pennsylvania shifted to the “Future Ready Index” which basically reports “Pass/Fail” in a number of areas and does not include a single summary grade

Pennsylvania Future Ready Index: No One Cares.

Whether these past changes in the way the state reports school performance were driven by changes in political parties– or a desire to conceal stagnant school performance while costs are escalating– the result is the same: **No One Cares.**

However, there is a school performance metric that is used by millions of people to make decisions on which school their children will attend. Good schools affect the value of our homes. That metric is:

www.GreatSchools.org

Real Estate. Real Estate. Real Estate.

Greatschools.org has a formal partnership with the leading real estate website Zillow,¹⁰ and is widely featured on Trulia¹¹ and Realtor.Com¹².

It doesn't matter that Greatschools.org is not "official" — it's what real people use to make real estate decisions.

Greatschools.org overall school rating is simple: a number between 1 (worst) and 10 (best).

So how is Cheltenham doing on www.GreatSchools.org ?

Not so great....

¹⁰See <https://bit.ly/2W10j80>

¹¹See <https://on.trulia.com/2V4bvae>

¹²See <https://bit.ly/2ZZLmNB>

WWW.GreatSchools.org Cheltenham 2019 Ratings

Captured on 5/5/2019.

 Cedarbrook MS	 Glenside ES
 Cheltenham ES	 Myers ES
 Cheltenham HS	 Wyncote ES
 Elkins Park MS	

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Where Does the Money Go ?

So what is driving the taxes ?

The most recent salary data is contained in the Pennsylvania Department of Education 2017-18 Staff Report¹³.

The report contains the names and salaries of teachers throughout the commonwealth.

I extracted information for Cheltenham and Abington teachers from this report to compare the distribution of salaries.

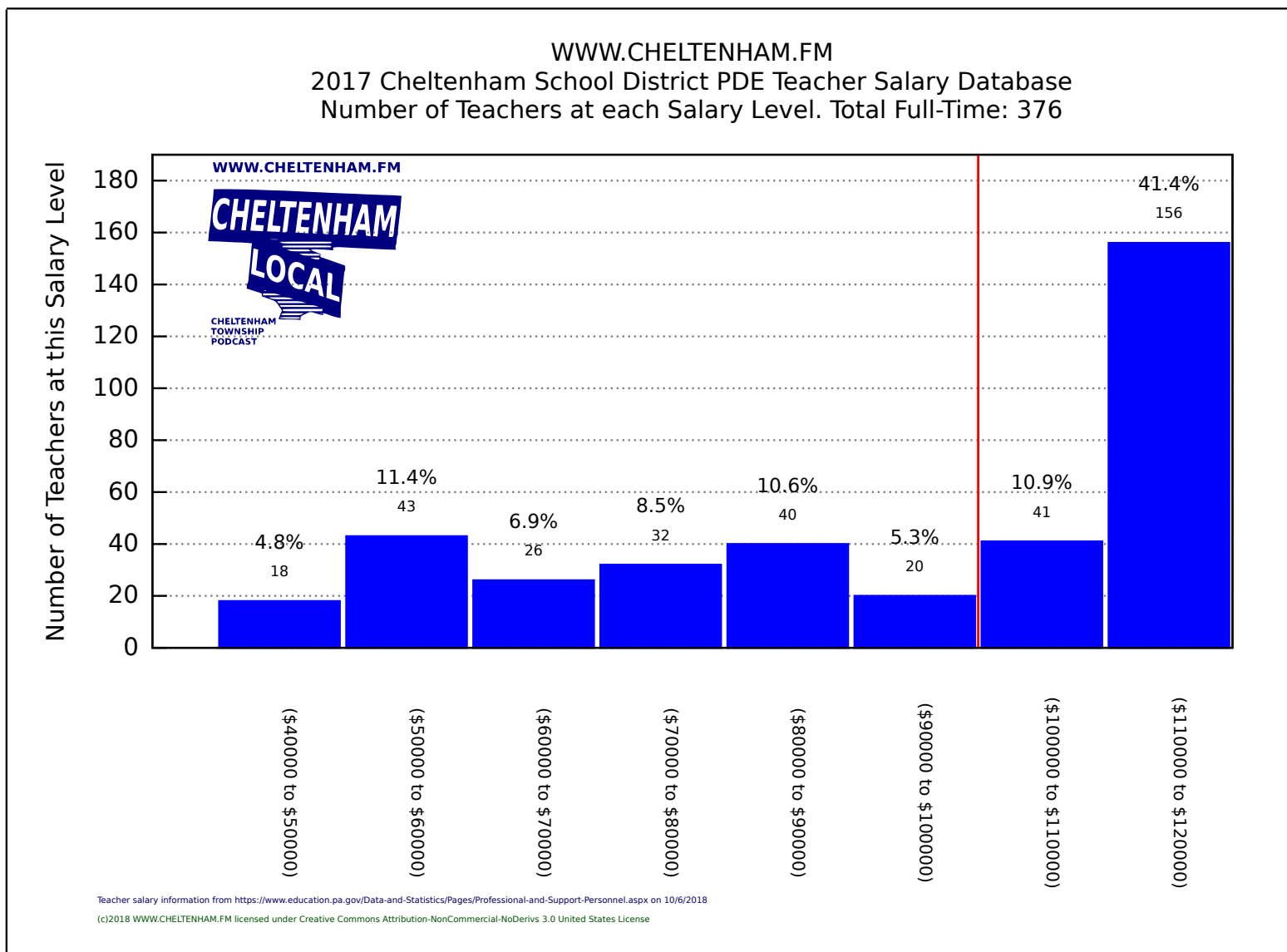
¹³Spreadsheet: <https://bit.ly/2Y6aMXR>.

2017 Cheltenham Versus Abington Teacher Salaries

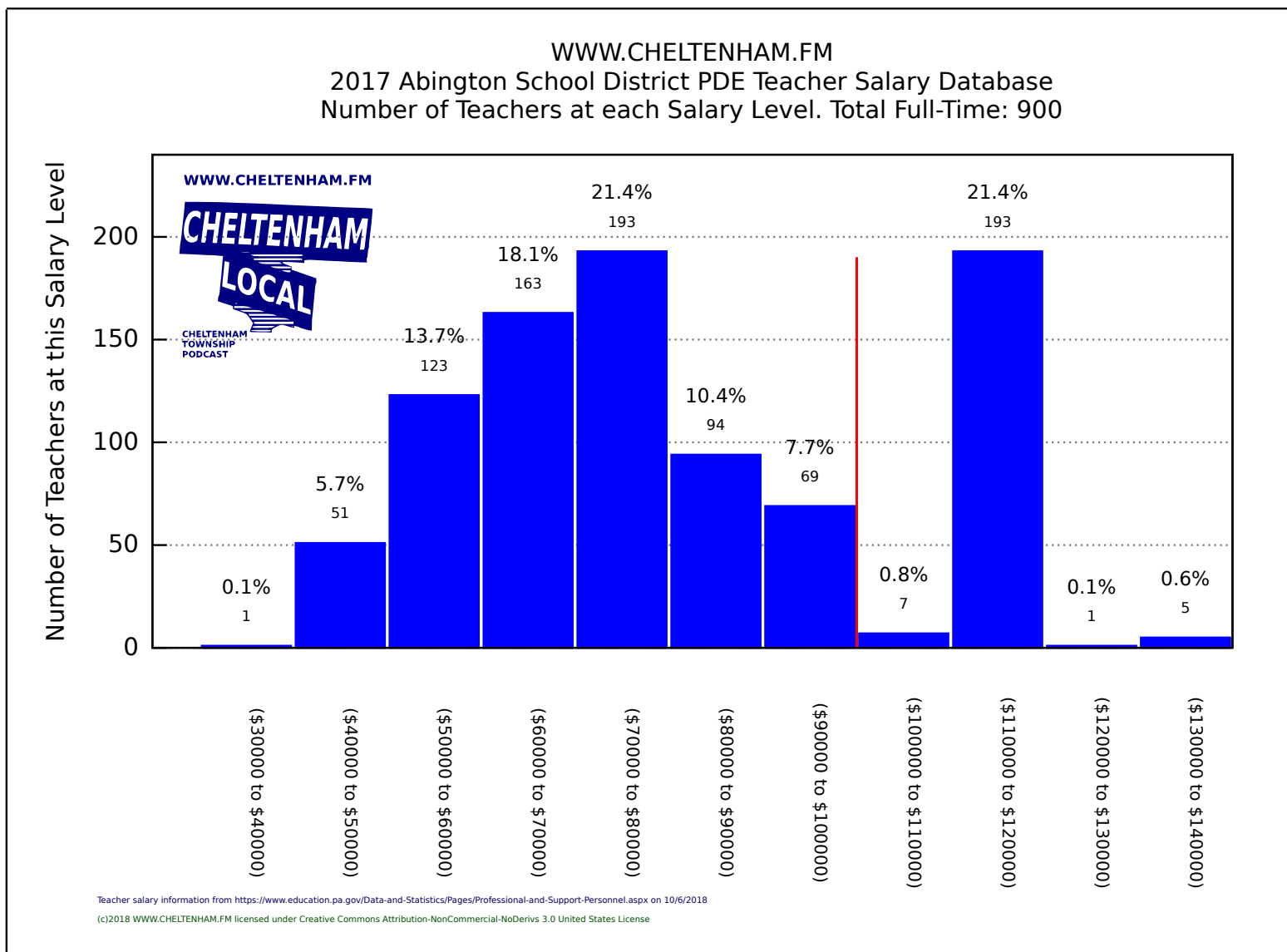
The salary data shows that:

- Cheltenham Teachers are crowded at the high end of the pay scale with over 50% of Cheltenham teachers making \$100,000 or more.
- Over 40% of Cheltenham teachers make more than \$110,000.
- Abington School District has a much more even distribution of teacher salaries. Less than 23% of Abington teachers make \$100,000 or more.

2017 Cheltenham Teacher Salary Distribution



2017 Abington Teacher Salary Distribution



Comply with the Law or Lose It All

- Failure to make payment of property tax on the due date will result in a 10% penalty being applied to the tax bill.
- This penalty is compounded at a 10% annual rate.¹⁴
- A lien will be filed against the property.¹⁵
- If a homeowner fails to pay their property tax after two years, the owner will be evicted and the home will be sold in an “Upset Tax Sale.”¹⁶
- In Montgomery County, the Upset Sale occurs once a year.¹⁷
- For properties that do not sell at the Upset Sale, the Judicial sale will offer up the property free and clear of all liens.
- Properties can linger as zombies for many years.

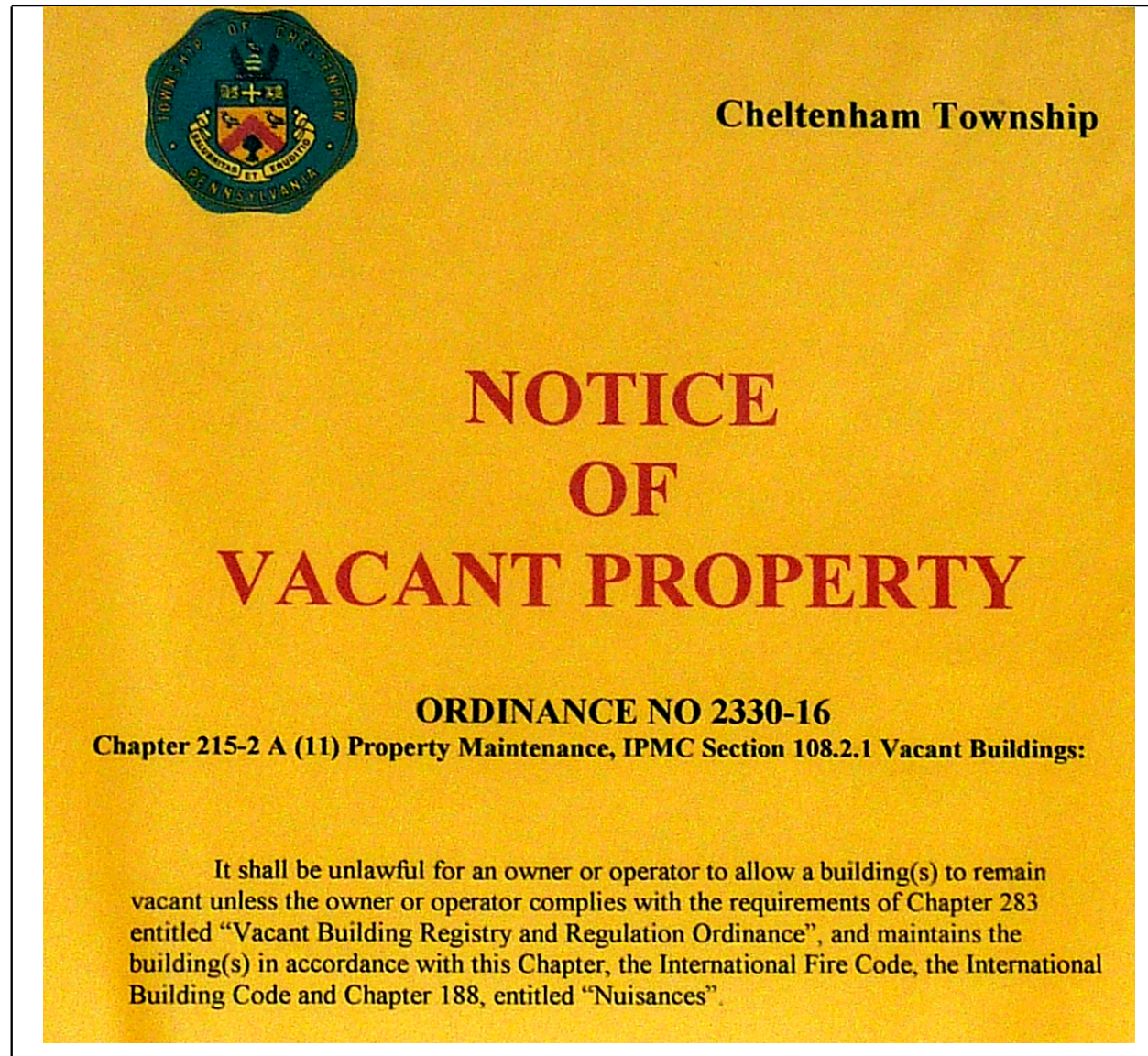
¹⁴See <https://bit.ly/2VgMSac>

¹⁵See <https://www.montcopa.org/267/Liens>

¹⁶See <https://bit.ly/2D0Fn4r>

¹⁷See <https://bit.ly/2Vk75kz>

Cheltenham Zombie



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Heading to the Same Place....

- We are all heading to the same place: Retirement.
- Let's hope we can afford our homes when we get there.¹⁸



¹⁸Photo taken by the author in Harrisburg in 2013.